

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 - 4
INDEPENDENT AUDITOR'S REPORT	5 - 8
CONSOLIDATED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13 - 49

STEWARDS DIRECTORS' REPORT

The directors have the pleasure in submitting their annual report together with the audited consolidated financial statements of Stewards ("the Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019.

Principal activity

The principal activities of the Company and of the Group during the year were the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities.

Results and state of affairs

The results of the Group for the year ended 31 March 2019 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 9 to 49.

Business review

Fair review of business

The Company's mission is to provide quality non-profit making social welfare, educational and health care services for the benefit of the Hong Kong community and to promote evangelical Christian faith through these services.

Regarding educational service, Stewards Pooi Kei College ("SPKC"), the Secondary School under Direct Subsidy Scheme was quite stable in its enrollment of new students. The performance and operation of the SPKC remained more or less the same as in previous years. The income for SPKC for the year ended 31 March 2019 increased 1.7% to HK\$94,661,705 (2018: HK\$93,113,510). The two kindergartens, namely, Stewards Pooi Chun Kindergarten ("PCK") and Stewards Pooi Yan Kindergarten ("PYK") also showed improvement in their financial position. The income of both kindergartens for the year ended 31 March 2019 increased 10.2% to HK\$16,341,162 (2018: HK\$14,830,987), principally due to the increase of government subvention under Free Quality Kindergarten Education Scheme.

Regarding social welfare, the subvention under the Lump Sum Grant from Social Welfare Department ("SWD" hereafter) increased by 10.9% to HK\$83,241,633 (2018: HK\$75,072,032), mainly due to the additional subvention of about \$3 million for rehabilitation services, civil pay adjustment and inflation adjustment.

Regarding health care services, medical and dental income remained more or less the same as 2018. The total medical and dental income for the year ended 31 March 2019 decreased 1% to HK\$7,334,554 (2018: HK\$7,441,866).

Financial key performance indicators for major sectors

The directors considered the key measure of the performance for the education sector to be the school fee income per student (i.e. the subvention from Education Bureau and the school fee from parents divided by the number of students). The school fee income per student for the year was HK\$78,338 which was higher than \$77,598 in the previous year.

The directors considered the key measure of financial performance indicator for the social welfare sector to be the growth in total funding for the social service activities. In 2018/19, the total funding income from government subvention and other fund raising activities increase by a healthy 9.9% to \$89,220,274 compared with \$81,148,361 in 2017/18.

STEWARDS DIRECTORS' REPORT

Business review (cont'd)

Financial position

As at 31 March 2019, the Group had net assets of HK\$160,771,228 (2018: HK\$159,086,903), comprising non-current assets of HK\$14,443,768 (2018: 15,070,522) and net current assets of HK\$146,327,461 (2018: HK\$144,016,381).

Liquidity

As at 31 March 2019, the Group had time deposits, bank balances and cash of HK\$152,770,407 (2018: HK\$153,875,512).

Lump sum grant reserve

The Group has different designated funds and reserves and the largest reserve is the Lump Sum Grant Reserve. As at 31 March 2019, the Lump Sum Grant Reserve (excluding provident funds) increased by 13% to HK\$28,509,219 (2018: HK\$25,234,629), equivalent to 33% (2018: 31%) of annual operating expenditure of subvented services. For the year ended 31 March 2019, the Lump Sum Grant subvention was mainly used to cover staff costs and operating costs for the subvented services according to the budget approved by the Board of Directors. In the coming years, the Lump Sum Grant Reserve will continue to be used for the payment of staff costs and operating costs in relation to the subvented services.

Principal risks and uncertainties

According to our in-house 5-year forecast of the Lump Sum Grant Reserve (from 2018/19 to 2022/23), this assessment showed that, in the medium term, the Lump Sum Grant Reserve will decline steadily due to the faster increase in staff cost than SWD subventions, although the rate of decline has moderated as compared to the assessment in the previous year. There is, thus, still a need to undertake staff cost control measures to maintain the healthy financial position of the organization in the next few years.

Environmental policies and performance and compliance with the relevant laws and regulations

The Group has adopted environmental policy such as requiring all the electrical appliances and lighting to be shut down when all the staff leave the office. As well, all service units use recycled paper or print double sided as far as possible.

The Group complies with all the relevant laws / ordinance and regulations issued by Education Bureau, Social Welfare Department and Health Department.

STEWARDS DIRECTORS' REPORT

Business review (cont'd)

Key relationships with employees, service users and government bodies

The Group regards its staff as the most important asset and resource of the Group. The Group offers internal vocational training activities and encourages its staff to attend external training courses to develop personal skills and other professional skills. During the year, the Group maintained cordial relationship with external stakeholders such as service users and government bodies. Service user liaison groups had been set up in individual service units as appropriate and regular liaison was maintained with the relevant service branches of SWD and Education Bureau.

Likely future development

A new site in Yiu On Estate, Ma On Shan was set up and the renovation work was completed in March 2019. Service commenced in April 2019.

A new site in Tsui Lam Estate, Tseung Kwan O was set up and the renovation work was completed in August 2019. Service commenced in late August, 2019.

Peace Dental Clinic has moved to a rental unit in Lok Wah Estate, Kwun Tong and has commenced operation in October 2018.

Fixed assets

Movements in fixed assets during the year were set out in note 10 to the consolidated financial statements.

Directors

The directors who held office during the year and up to the date of this report were as follows:

Ms. PANG Chau Sheung	
Mr. TO Tat Man	
Mr. TSE Chun Fai	
Mr. CHOW Kai Cheung	
Mr. LIANG Jun	
Mr. HUI Chi Keung Philip	
Ms. CHAN Oi Yu	
Mr. KWAN Chi Hong	
Mr. CHIU Yu Lung	
Mr. TANG Ping Kwong	(appointed on 14 January 2019)
Mr. CHAN Wing Kin	(appointed on 17 June 2019)
Mr. LAU Ying Pan	(appointed on 1 September 2019)

In accordance with the Articles of Association of the Company, half of the directors, who have been longest since their last election for the time being, shall retire in the forthcoming annual general meeting; but shall be eligible, offer themselves for re-election.

**STEWARDS
DIRECTORS' REPORT**

Permitted indemnity provision

At no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any directors of the Company (whether made by the Company).

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' interests in contract

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' right to acquire shares or debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.


Auditor

The accompanying financial statements have been audited by Fung, Yu & Co. CPA Limited, Certified Public Accountants (Practising).

Other matters

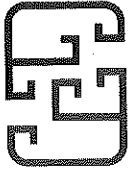
At the date of this report the directors are not aware of any circumstances not otherwise dealt with in this report of financial statements, which would render any amount stated in the financial statements misleading.

On behalf of the Board



Mr. TSE Chun Fai
Director

Hong Kong: 19 SEP 2019



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

10th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
T: +852 2541 6632 E: info@fungyu CPA.com
香港干諾道中148號粵海投資大廈10樓

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(incorporated in Hong Kong and limited by guarantee)**

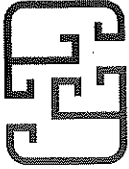
Opinion

We have audited the consolidated financial statements of Stewards ("the Company") and its subsidiaries ("the Group") set out on pages 9 to 49, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

10th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
T: +852 2541 6632 E: info@fungyucpa.com
香港干諾道中148號粵海投資大廈10樓

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(incorporated in Hong Kong and limited by guarantee)**

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

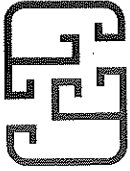
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

10th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
T: +852 2541 6632 E: info@fungyu CPA.com
香港干諾道中148號粵海投資大廈10樓

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(incorporated in Hong Kong and limited by guarantee)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

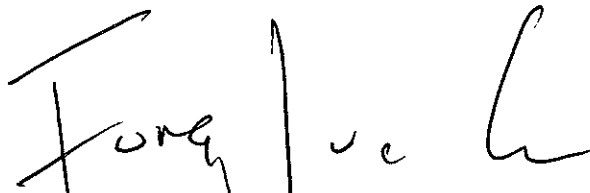
10th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
T: +852 2541 6632 E: info@fungyuca.com
香港干諾道中148號粵海投資大廈10樓

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS
(incorporated in Hong Kong and limited by guarantee)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

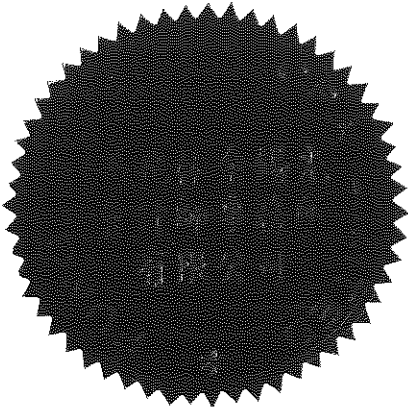
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

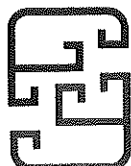


Fung, Yu & Co. CPA Limited
Certified Public Accountants (Practising)

LAU VUI CHEONG
Practising Certificate Number: P03455

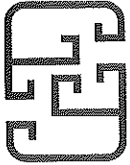


Date: 19 SEP 2019



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 HK\$	2018 HK\$
INCOME	5	241,544,248.27	228,557,103.04
LESS: EXPENDITURE			
- Staff costs		173,763,795.24	159,710,281.62
- Operating costs		56,703,188.29	52,381,359.25
- Property costs		8,138,321.40	7,579,992.50
		<u>238,605,304.93</u>	<u>219,671,633.37</u>
SURPLUS BEFORE TAXATION	6	2,938,943.34	8,885,469.67
TAXATION	8	-	-
SURPLUS FOR THE YEAR		2,938,943.34	8,885,469.67
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR (page 11)		<u>(115,918.01)</u>	<u>471,387.80</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,823,025.33</u></u>	<u><u>9,356,857.47</u></u>




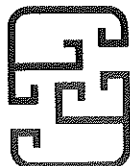
STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (a)	14,054,109.26	14,635,079.97
Investment in equity securities	11	389,658.70	435,442.00
		14,443,767.96	15,070,521.97
CURRENT ASSETS			
Inventories	12	204,630.75	198,086.66
Accounts receivable and sundry debtors		2,649,070.76	2,612,636.61
Deposits and prepayments		4,944,826.21	1,763,552.50
Time deposits		107,020,065.45	101,078,523.80
Bank balances and cash		45,750,341.50	52,796,988.12
		160,568,934.67	158,449,787.69
CURRENT LIABILITIES			
Accounts payable and accrued expenses		9,560,152.27	10,541,576.20
Social welfare / Education Bureau surplus		1,828,211.42	1,043,660.96
Receipt in advance		2,853,110.46	2,848,169.28
		14,241,474.15	14,433,406.44
NET CURRENT ASSETS		<u>146,327,460.52</u>	<u>144,016,381.25</u>
NET ASSETS		<u>160,771,228.48</u>	<u>159,086,903.22</u>
RESERVES			
Accumulated fund	16	91,777,885.64	94,889,708.68
Designated funds	17	20,893,871.35	20,080,365.04
Flag day fund	18	3,728,816.97	3,989,132.12
Lump sum grant reserve	19	36,382,305.63	33,376,222.55
Block grant reserve	20	8,162,596.35	6,879,938.99
Investment revaluation reserve	21	(174,247.46)	(128,464.16)
		<u>160,771,228.48</u>	<u>159,086,903.22</u>

Approved and authorized for issue by the board of directors on 19 SEP 2019
On behalf of the board:

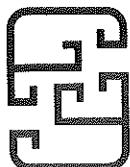

Mr. TSE Chun Fai
Director


Mr. CHOW Kai Cheung
Director



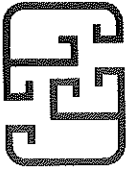
STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated fund HK\$	Designated funds HK\$	Flag day fund HK\$	Lump sum grant reserve HK\$	Block grant reserve HK\$	Investment revaluation reserve HK\$	Total HK\$
At 31 March 2017	89,461,525.72	19,256,564.53	4,577,354.52	31,112,646.95	5,936,322.52	(176,967.26)	150,167,446.98
Surplus for the year ended 31 March 2018	8,885,469.67	-	-	-	-	-	8,885,469.67
Other comprehensive income / (loss) for the year	-	-	-	-	-	48,503.10	48,503.10
Surplus arising on revaluation of investment	-	811,718.47	-	-	34,902.19	-	846,620.66
Income directly dealt with in the fund	-	(418,835.96)	(4,900.00)	-	-	-	(423,735.96)
Expenditure directly dealt with in the fund	-	392,882.51	(4,900.00)	-	34,902.19	48,503.10	471,387.80
Total comprehensive income for the year	8,885,469.67	392,882.51	(4,900.00)	-	34,902.19	48,503.10	9,356,857.47
Transfer to Education Bureau and Social Welfare	(228,809.85)	-	-	-	-	-	(228,809.85)
Department surplus account	(103,700.38)	-	-	(104,891.00)	-	-	(208,591.38)
Other transfers	(3,124,776.48)	430,918.00	(583,322.40)	2,368,466.60	908,714.28	-	-
Transfer between funds	94,889,708.68	20,080,365.04	3,989,132.12	33,376,222.55	6,879,938.99	(128,464.16)	159,086,903.22
At 31 March 2018	2,938,943.34	-	-	-	-	-	2,938,943.34
Surplus for the year ended 31 March 2019	-	-	-	-	-	(45,783.30)	(45,783.30)
Other comprehensive income / (loss) for the year	-	268,796.00	-	-	66,657.36	-	335,453.36
Deficit arising on revaluation of investment	-	(344,669.97)	(60,918.10)	-	-	-	(405,588.07)
Income directly dealt with in the fund	-	(75,873.97)	(60,918.10)	-	66,657.36	(45,783.30)	(115,918.01)
Expenditure directly dealt with in the fund	-	(75,873.97)	(60,918.10)	-	66,657.36	(45,783.30)	(115,918.01)
Total comprehensive income for the year	2,938,943.34	(75,873.97)	(60,918.10)	-	66,657.36	(45,783.30)	2,823,025.33
Transfer from Education Bureau and Social Welfare	(950,621.17)	-	-	-	-	-	(950,621.17)
Department surplus account	(114,263.90)	-	-	(73,815.00)	-	-	(188,078.90)
Other transfers	(4,985,881.31)	889,380.28	(199,397.05)	3,079,898.08	1,216,000.00	-	-
Transfer between funds	91,777,885.64	20,893,871.35	3,728,816.97	36,382,305.63	8,162,596.35	(174,247.46)	160,771,228.48
At 31 March 2019							



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 HK\$	2018 HK\$
Cash flows from operating activities		
Surplus before taxation	2,938,943.34	8,885,469.67
Income directly dealt with in reserve	335,453.36	846,620.66
Expenditure directly dealt with in reserve	(405,588.07)	(423,735.96)
Adjustments:		
Transfer to Education Bureau and Social Welfare		
Department surplus account	(950,621.17)	(228,809.85)
Other transfer	(188,078.90)	(208,591.38)
Loss on disposal of property, furniture and equipment	67,808.33	20,522.00
Depreciation	5,503,872.34	5,243,700.80
Interest income	(1,866,213.16)	(982,783.04)
	<u>5,435,576.07</u>	<u>13,152,392.90</u>
Operating cash flows before working capital changes		
(Increase) / decrease in inventories	(6,544.09)	1,530.73
Increase in accounts receivable and sundry debtors	(36,434.15)	(1,352,528.18)
(Increase) / decrease in deposits and prepayments	(3,181,273.71)	903,303.80
Decrease in accounts payable and accrued expenses	(981,423.93)	(6,354,833.89)
Increase in Social Welfare Department/Education		
Bureau surplus account	784,550.46	228,807.99
Increase in receipts in advance	4,941.18	450,674.58
	<u>2,019,391.83</u>	<u>7,029,347.93</u>
Net cash from operating activities		
	2,019,391.83	7,029,347.93
Cash flows from investing activities		
Interest received	1,866,213.16	982,783.04
Payment for acquisition of property, plant and equipment	(4,990,709.96)	(6,910,840.73)
	<u>(3,124,496.80)</u>	<u>(5,928,057.69)</u>
Net cash used in investing activities		
	(3,124,496.80)	(5,928,057.69)
Net (decrease) / increase in cash and cash equivalents		
	(1,105,104.97)	1,101,290.24
Cash and cash equivalents at beginning of year		
	<u>153,875,511.92</u>	<u>152,774,221.68</u>
Cash and cash equivalents at end of year		
	<u>152,770,406.95</u>	<u>153,875,511.92</u>
Analysis of the balances of cash and cash equivalents		
Time deposits	107,020,065.45	101,078,523.80
Bank balances and cash	45,750,341.50	52,796,988.12
	<u>152,770,406.95</u>	<u>153,875,511.92</u>



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. **General information**

- (a) Stewards is a charitable organisation incorporated under the Companies Ordinance with liabilities of members limited by guarantee. Pursuant to the Memorandum of the Association, the liability of each member is limited to HK\$100. The address of registered office and principal place of operation of the Company is situated at 145 Hong Ning Road, Kwun Tong, Kowloon, Hong Kong.
- (b) The principal activities of the Company are the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities. The Company operated the following units during and at the end of the financial year:

Central Administration

Central Administration Office
Accounting Support

Clinics

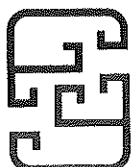
Peace Medical Centre

Kindergartens

Stewards Pooi Chun Kindergarten
Stewards Pooi Yan Kindergarten

Social services

After School Care Services
High Rock Christian Centre
Youth Online - Stewards Integrated Service Centre for Young People
School Social Work Services
Sha Kok Youth & Children's Centre
Sunnyway On Job Training for Young People
Supervisory Support for Rehabilitation Service Units
Supported Employment Programme
Work Extension Programme
Yiu On Commercially - Hired Vehicle
Yiu On Halfway House
Yiu On Integrated Rehabilitation Service Centre
Yiu Tsuen Sheltered Workshop
Visiting Medical Practitioner Scheme
Crossland Adventure Centre
Syner-bright Zone (Integrated Community Centre for Mental Wellness)
Take Your Way Clubhouse (Integrated Community Centre for Mental Wellness)



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. **General information (cont'd)**

- (c) Details of the Company's subsidiaries (entities controlled by the Company) at the date of the statement of financial position are as follows:-

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Principal activities</u>
Arm Services Company Limited	Hong Kong	Operate social enterprises engaging in providing car cleaning service, tuck shop business in schools and flower shop
Stewards Pooi Kei College Management Limited	Hong Kong	Provide secondary education to local students
Stewards Peace Dental Clinic Limited	Hong Kong	Provide dental services to the general public at comparative reduced rates

The above subsidiaries are companies limited by guarantee and not having a share capital. They were set up with no capital injection by the Company. They are accounted for as subsidiaries of the Company and 100% consolidated by the Company by virtue of control.

2. **Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs)**

Of these new and revised standards, Amendments and Interpretations, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers

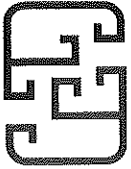
The effects of the application of these HKFRSs are summarized below.

(i) **HKFRS 9, Financial instruments**

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements.

The adoption of HKFRS 9 does not have material effect on these financial statements.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. **Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)**

(i) **HKFRS 9, Financial instruments (cont'd)**

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. **Classification of financial assets and financial liabilities**

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

Under HKAS 39, long term investments in listed equity securities are classified as available-for-sale financial assets carried at fair value and long term investment in unlisted equity securities which do not have a quoted market price in an active market and whose fair value cannot be measured reliably are classified as available-for-sale financial assets, carried at cost less any impairment losses. Under HKFRS 9, all of them are designated as financial assets measured at fair value through other comprehensive income.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

b. **Credit losses**

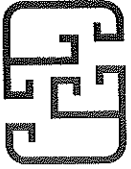
HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and sundry debtors, and deposits;

(ii) **HKFRS 15, Revenue from contracts with customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)
(ii) HKFRS 15, Revenue from contracts with customers (cont'd)

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of HKFRS 15 does not have material effect on these financial statements.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

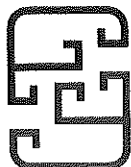
Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised goods or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

b. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.



FUNG, YU & CO. CPA LIMITED

馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. **Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)**

(ii) **HKFRS 15, Revenue from contracts with customers (cont'd)**

c. **Presentation of contract assets and liabilities**

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

3. **New and revised HKFRSs issued but not yet effective**

Up to the date of these consolidated financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and consolidated financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 March 2019. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

4. **Significant accounting policies**

(a) **Basis of preparation**

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

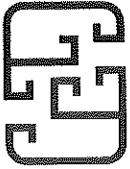
The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in equity securities are stated at fair values as set out in the accounting policies below.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

(b) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

The Company reassesses whether or not it control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 March each year. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of surplus and deficit and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

(c) Recognition of income

Revenue from contracts with customers

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's activities.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue is stated after deduction of any trade discounts.

- (i) Clinic fees income are recognised in the period when the services are rendered.
- (ii) School and programme fees are recognised upon completion of services.
- (iii) Revenue from sales of goods is recognised when the customer takes possession of and accepts the products.
- (iv) Service income and other service income are recognised when the services are rendered.

Subvention from Social Welfare Department, Education Bureau and Community Chest

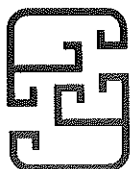
Subvention from Social Welfare Department, Education Bureau and Community Chest are recognised when the money is received.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs.

Donations and gifts

Donations and gifts are recognised on a receipt basis.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(c) **Recognition of income (cont'd)**

Interest income

Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

(d) **Investments in equity securities**

Investments are recognised / derecognised on the date the Group commits to purchase / sell the investments or they expire. Investments in equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in surplus or deficit. These investments are subsequently accounted for as follows, depending on their classification:

(A) Policy applicable from 1 April 2018

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the investment revaluation reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (non-recycling) is transferred to accumulated surplus. It is not recycled through surplus or deficit.

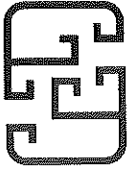
Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in surplus or deficit as other income.

(B) Policy applicable prior to 1 April 2018

Available-for-sale financial assets

Investments in securities, being those held for non-trading purposes, were classified as available-for-sale securities. They are stated in the statement of financial position at fair value, except that equity securities which do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any impairment losses.

In respect of available-for-sale securities carried at fair value, the unrealized gains or losses arising from changes in the fair value of investments are dealt with as movements in the investment revaluation reserve. When the investments are sold, the difference between the sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal of investments and recognized in surplus or deficit. Impairment losses recognized in surplus or deficit for equity investments carried at fair value are not subsequently reversed through surplus or deficit.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

- (d) **Investments in equity securities** (cont'd)
(B) Policy applicable prior to 1 April 2018 (cont'd)

Available-for-sale financial assets (cont'd)

In respect of available-for-sale securities carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is recognized in profit or loss for the year in which it arises. Any impairment losses recognized shall not be reversed.

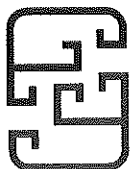
- (e) **Property, furniture and equipment**

Property, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, furniture and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the year in which it is incurred.

The gain or loss on disposal of an item of property, furniture and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in surplus or deficit.

Depreciation is provided to write off the cost of property, furniture and equipment over their estimated useful lives by using the straight line method at the following annual rates:

Furniture and fixtures	20% per annum
Leasehold improvements	20-50% per annum
Motor vehicles	20% per annum



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. **Significant accounting policies (cont'd)**

(f) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in economic best interest.

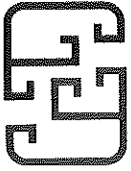
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measure date
- Level 2 - based on inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 - based on inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. Significant accounting policies (cont'd)

(g) Credit losses and impairment of financial assets other than investments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and sundry debtors, and deposits).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

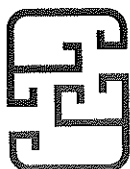
The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. Significant accounting policies (cont'd)

(h) **Impairment of non-financial assets**

At the end of each reporting period, the carrying amounts of the Group's tangible and intangible assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

(i) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) **Account and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

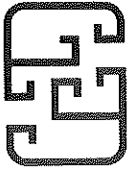
Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) **Account and other payables**

Payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in such cases, they are stated at cost.

(l) **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the landlord are accounted for as operating leases. Rentals payable under operating leases are recognised as an expense on the straight-line basis over the lease terms.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. **Significant accounting policies (cont'd)**

(m) **Employee benefits**

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.
- (iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawals.

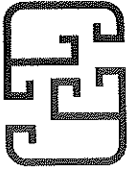
(n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(o) **Related parties**

A related party is a person or entity that is related to the Group.

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or of a parent of the Group.



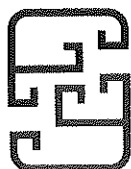
STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. **Significant accounting policies (cont'd)**

(o) **Related parties (cont'd)**

- (ii) An entity is related to the Group if any of the following conditions applies:
- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

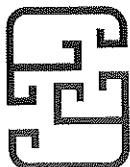


STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. Income

Income received during the year are as follows:

	2019 HK\$	2018 HK\$
<u>Revenue from contracts with customers</u>		
Fee income from medical services	7,334,554.11	7,441,613.68
Fee income from kindergartens and schools	31,900,704.11	29,480,388.11
Fee income from social services and central administration	20,225,593.61	19,900,819.44
CIIF funding for project 您想關愛可碩門村	659,200.00	-
SK Yee Fund for Project I Can Cook	276,200.00	-
Tsu Te Kian Charitable Trust for Teens Online Project	-	1,096,000.00
HSBC Community Partnership Programme: "Happy Buddies" Community Care Project	-	89,207.26
HSBC Community Partnership Programme: VR World of Special Education Needs	210,840.00	-
Tuckshops	2,525,452.85	2,516,296.95
Flower shops	2,399,266.35	2,739,413.40
<u>Subvention from Social Welfare Department, Education Bureau and Community Chest</u>		
Subvention from Education Bureau	78,091,211.75	78,104,156.95
Subvention from Social Welfare Department	89,220,274.45	81,148,360.63
Subvention from Community Chest	1,766,810.00	1,468,400.00
Lotteries fund for modernization package for Youth Online Stewards ISC for Young People	229,692.56	-
Lotteries fund for technical feasibility study for Stewards Peace Clinic Building	1,811,775.00	-
Lotteries fund for furniture and equipment costs for new sub-base of Stewards Take Your Way Clubhouse	173,406.00	-
Lotteries fund for undertaking fire safety / building rectification measures for Yiu On Halfway House	66,500.00	1,029,906.00
Block grant subvention	1,216,000.00	1,130,000.00
Subvention from Quality Education Fund	401,327.42	300,000.00
Community Care Fund for Pilot Scheme on Living Allowance for Low income Carers of Persons with Disabilities	25,860.00	34,100.00
Community Care Fund for Pilot Scheme on Relaxing the Household income limit of the Fee-waiving Subsidy Scheme under the After School Care Programme for low income families and increasing fee waiving subsidy places	11,400.00	5,850.00



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. **Income**

Income received during the year are as follows: (cont'd)

	2019 HK\$	2018 HK\$
<u>Donations and gifts</u>		
Donation received	1,131,966.90	1,089,807.58
<u>Interest income</u>		
Bank interest received	1,866,213.16	982,783.04
	<u>241,544,248.27</u>	<u>228,557,103.04</u>

6. **Surplus before taxation**

Surplus before taxation is stated after charging, inter alia, the following:

	2019 HK\$	2018 HK\$
Auditor's remuneration	119,900.00	122,000.00
Depreciation	5,503,872.34	5,243,700.80
Loss on disposal of property, furniture and equipment	67,808.33	5,468.00
Operating lease charges - land and buildings	5,795,814.10	5,999,725.90
Staff costs	173,763,795.24	159,710,281.62

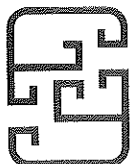
7. **Directors' remuneration**

Particulars of directors' remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	2019 HK\$	2018 HK\$
Fees	-	-
Other emoluments	-	-
Retirement benefits	-	-
Compensation for loss of office	-	-
Key management personnel's remuneration	-	-

8. **Taxation**

No provision for Hong Kong profits tax has been made in the financial statements as the Group is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.




STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

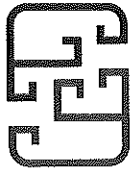
9. Statement of financial position of the Company

	Notes	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (b)	3,269,882.22	3,994,707.81
Investment in equity securities	11	389,658.70	435,442.00
		3,659,540.92	4,430,149.81
CURRENT ASSETS			
Inventories	12	122,087.40	114,703.08
Accounts receivable and sundry debtors		2,296,998.58	2,279,667.08
Amounts due from subsidiaries	13	1,010,659.71	1,336,564.52
Deposits and prepayments		4,626,914.35	1,356,507.40
Time deposits		50,218,809.86	45,517,459.51
Bank balances and cash		16,381,687.48	18,020,090.56
		74,657,157.38	68,624,992.15
CURRENT LIABILITIES			
Accounts payable and accrued expenses		2,129,544.65	411,028.99
Amount due to a subsidiary	14	-	870,892.22
Social welfare/Education Bureau surplus		1,828,211.42	1,043,660.96
Receipt in advance		2,793,754.46	2,764,625.28
		6,751,510.53	5,090,207.45
NET CURRENT ASSETS		<u>67,905,646.85</u>	<u>63,534,784.70</u>
NET ASSETS		<u>71,565,187.77</u>	<u>67,964,934.51</u>
RESERVES			
Accumulated fund	16	2,572,444.93	3,768,339.97
Designated funds	17	20,893,271.35	20,079,765.04
Flag day fund	18	3,728,816.97	3,989,132.12
Lump sum grant reserve	19	36,382,305.63	33,376,222.55
Block grant reserve	20	8,162,596.35	6,879,938.99
Investment revaluation reserve	21	(174,247.46)	(128,464.16)
		<u>71,565,187.77</u>	<u>67,964,934.51</u>

Approved and authorized for issue by the board of directors on 19 SEP 2019
On behalf of the board:


Mr. TSE Chun Fai
Director


Mr. CHOW Kai Cheung
Director

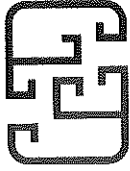


STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. **Property, furniture and equipment**
(a) The Group

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
Cost					
At 1 April 2017	1.00	26,091,792.84	27,491,309.42	701,074.50	54,284,177.76
Additions	-	3,858,620.73	3,052,220.00	-	6,910,840.73
Disposals	-	(386,634.40)	(15,054.00)	-	(401,688.40)
At 31 March 2018	1.00	29,563,779.17	30,528,475.42	701,074.50	60,793,330.09
Additions	-	2,255,921.96	2,734,788.00	-	4,990,709.96
Disposals	-	(1,221,844.00)	-	-	(1,221,844.00)
At 31 March 2019	1.00	30,597,857.13	33,263,263.42	701,074.50	64,562,196.05
Accumulated Depreciation					
At 1 April 2017	-	18,695,370.51	21,899,270.71	701,074.50	41,295,715.72
Charge for the year	-	2,862,133.61	2,381,567.19	-	5,243,700.80
Disposals written back	-	(381,166.40)	-	-	(381,166.40)
At 31 March 2018	-	21,176,337.72	24,280,837.90	701,074.50	46,158,250.12
Charge for the year	-	3,151,640.21	2,352,232.13	-	5,503,872.34
Disposals written back	-	(1,154,035.67)	-	-	(1,154,035.67)
At 31 March 2019	-	23,173,942.26	26,633,070.03	701,074.50	50,508,086.79
Net Book Value					
At 31 March 2019	1.00	7,423,914.87	6,630,193.39	-	14,054,109.26
At 31 March 2018	1.00	8,387,441.45	6,247,637.52	-	14,635,079.97

The Group's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

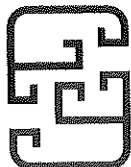


STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. **Property, furniture and equipment (cont'd)**
(b) The Company

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
Cost					
At 1 April 2017	1.00	7,553,717.96	15,854,820.70	701,074.50	24,109,614.16
Additions	-	837,227.60	528,750.00	-	1,365,977.60
Disposals	-	(256,376.90)	(15,054.00)	-	(271,430.90)
At 31 March 2018	1.00	8,134,568.66	16,368,516.70	701,074.50	25,204,160.86
Additions	-	587,439.00	-	-	587,439.00
Inter company transfer	-	(304,680.00)	-	-	(304,680.00)
Disposals	-	(566,894.90)	-	-	(566,894.90)
At 31 March 2019	1.00	7,850,432.76	16,368,516.70	701,074.50	24,920,024.96
Accumulated Depreciation					
At 1 April 2017	-	5,571,304.18	13,884,308.19	701,074.50	20,156,686.87
Charge for the year	-	795,840.31	513,302.77	-	1,309,143.08
Disposals written back	-	(256,376.90)	-	-	(256,376.90)
At 31 March 2018	-	6,110,767.59	14,397,610.96	701,074.50	21,209,453.05
Charge for the year	-	803,635.72	504,400.54	-	1,308,036.26
Inter company transfer	-	(304,680.00)	-	-	(304,680.00)
Disposals written back	-	(562,666.57)	-	-	(562,666.57)
At 31 March 2019	-	6,047,056.74	14,902,011.50	701,074.50	21,650,142.74
Net Book Value					
At 31 March 2019	1.00	1,803,376.02	1,466,505.20	-	3,269,882.22
At 31 March 2018	1.00	2,023,801.07	1,970,905.74	-	3,994,707.81

The Company's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.



FUNG, YU & CO. CPA LIMITED

馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Investment in equity securities

The investments in equity securities are held for long term purposes. At 31 March 2019, investments in equity securities comprise:

	The Group and the Company	
	2019	2018
	HK\$	HK\$
Available-for-sale financial assets		
Listed equity securities carried at fair value	-	335,442.00
Unlisted equity securities carried at cost	-	100,000.00
	<u>-</u>	<u>435,442.00</u>
Financial assets designated as measured at fair value through other comprehensive income (non-recycling)		
Listed equity securities carried at fair value	289,658.70	-
Unlisted equity securities carried at fair value	100,000.00	-
	<u>389,658.70</u>	<u>-</u>

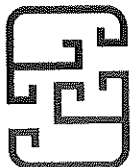
Available-for-sale financial assets were reclassified to equity securities designated at FVOCI (non-recycling) upon the initial application of HKFRS 9 at 1 April 2018 because they were not held for trading. Dividend amounting HK\$18,130.45 was received on the investment in equity securities during the year.

The fair value of the listed equity securities is based on quoted market prices.

The fair value of the unlisted equity securities is estimated by reference to the audited financial statements of the investee made up to 31 March 2018. As no significant change in the financial position of the investee during the year ended 31 March 2019 is expected and the estimated fair values of the unlisted equity securities at 31 March 2018 and 2019 are not material different from the investment cost, no change in value of the investment is recognised.

12. Inventories

Inventories represent goods held for resale.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

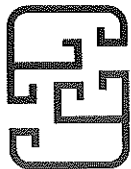
13. Amounts due from subsidiaries

	The Company	
	2019 HK\$	2018 HK\$
Arm Services Company Limited	513,231.63	1,336,564.52
Stewards Peace Dental Clinic Limited	<u>497,428.08</u>	<u>-</u>
	<u>1,010,659.71</u>	<u>1,336,564.52</u>

The above amounts are unsecured and interest free with no fixed repayment terms.

14. Amount due to a subsidiary

The amount due to a subsidiary, Stewards Peace Dental Clinic Limited, is unsecured and interest free with no fixed repayment terms.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. Separate income and expenditure account for School-Based After-School Learning and Support Programmes

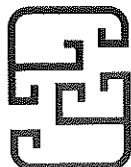
For the period from 1 April 2018 to 31 July 2018

	Programme ST1727 HK\$	Programme ST1728 HK\$	Others HK\$	Total HK\$
Balance as at 1 April 2018	75,194.00	98,100.00	-	173,294.00
Add: Income				
Education Bureau's grant	19,656.50	55,184.38	-	74,840.88
(School's subsidies) / fee income	-	12,035.00	-	12,035.00
NGO subsidy	637.50	239.40	-	876.90
Interest	-	-	-	-
	20,294.00	67,458.78	-	87,752.78
Less: Expenditure				
Tutor fee	61,820.00	83,540.00	-	145,360.00
Function materials and printing charges	15,128.00	35,568.78	-	50,696.78
Programme coordination expense	9,270.00	23,225.00	-	32,495.00
Administration expenses	9,270.00	23,225.00	-	32,495.00
	95,488.00	165,558.78	-	261,046.78
Balance as at 31 July 2018	-	-	-	-

For the period from 1 August 2018 to 31 March 2019

	Programme ST1826 HK\$	Programme ST1827 HK\$	Others HK\$	Total HK\$
Income				
Education Bureau's grant	105,719.00	78,640.00	-	184,359.00
School's subsidies/fee income	-	330.00	-	330.00
Interest	-	-	-	-
	105,719.00	78,970.00	-	184,689.00
Less: Expenditure				
Tutor fee	62,470.00	10,730.00	-	73,200.00
Function materials and printing charges	8,235.10	3,705.20	-	11,940.30
Programme coordination expense	-	-	-	-
Administration expenses	-	-	-	-
	70,705.10	14,435.20	-	85,140.30
Balance as at 31 March 2019	35,013.90	64,534.80	-	99,548.70

The income and expenditure for the School-Based After-School Learning and Support Programmes for the year have been included in the consolidated statement of surplus and deficit and other comprehensive income and the balance of HK\$99,548.70 as at 31 March 2019 has been included in the receipts in advance.



FUNG, YU & CO. CPA LIMITED

馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. **Accumulated fund**

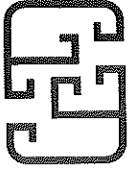
Accumulated fund attributable to services group are as follows:

	The Group	
	2019 HK\$	2018 HK\$
Central Administration Office	(9,150,854.92)	(8,423,482.01)
Clinics	7,307,749.64	6,635,962.55
Kindergarten	2,237,713.18	2,596,633.28
Schools	84,489,063.94	87,111,079.14
Social Services	6,894,213.80	6,969,515.72
	<u>91,777,885.64</u>	<u>94,889,708.68</u>

	The Company	
	2019 HK\$	2018 HK\$
Central Administration Office	(8,049,254.92)	(7,853,482.01)
Clinics	3,283,706.43	3,379,171.26
Kindergarten	1,949,713.18	2,596,633.28
Social Services	5,388,280.24	5,646,017.44
	<u>2,572,444.93</u>	<u>3,768,339.97</u>

Movements of the Company's accumulated fund during the year are set out as follows:

	2019 HK\$	2018 HK\$
Balance as at 1 April	3,768,339.97	2,949,495.09
Surplus for the year	4,854,871.34	4,276,131.59
Transfer from Education Bureau and Social Welfare		
Department surplus account	(950,622.72)	(228,809.85)
Other transfers	(114,263.90)	(103,700.38)
Transfer between funds	(4,985,879.76)	(3,124,776.48)
	<u>2,572,444.93</u>	<u>3,768,339.97</u>



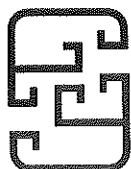
FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. Designated funds (cont'd)

Movement of the Company's designated funds during the year are set out as follows:

	The Company	
	2019 HK\$	2018 HK\$
Balance as at April 1	20,079,765.04	19,255,964.53
Add: Income directly dealt with in the fund	268,796.00	811,718.47
Transfer from other funds	889,380.28	430,918.00
	<u>21,237,941.32</u>	<u>20,498,601.00</u>
Less: Expenditure directly dealt with in the fund	(344,669.97)	(418,835.96)
Balance as at March 31	<u>20,893,271.35</u>	<u>20,079,765.04</u>



FUNG, YU & CO. CPA LIMITED

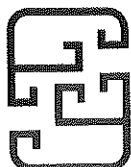
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. Flag day fund

	The Group and the Company	
	2019	2018
	HK\$	HK\$
<u>Designated Flag Day fund</u>		
Balance as at April 1	3,770,514.66	4,353,837.06
Usage of fund from flag day held in 2008 to 2017		
Youth programmes	(43,376.01)	(5,350.00)
Rehabilitation services	(128,879.24)	(26,950.00)
Middle aged and senior male services	-	(105,656.42)
Youth menal health services	(27,141.80)	(68,670.03)
Recurrent expenses of central administration	-	(376,695.95)
	<u>(199,397.05)</u>	<u>(583,322.40)</u>
Balance as at 31 March	<u>3,571,117.61</u>	<u>3,770,514.66</u>
<u>General Flag Day Fund</u>		
Balance as at April 1	218,617.46	223,517.46
Funds allocated to		
- Ma Ko Pan Memorial College	(25,470.00)	(4,900.00)
- Pooi Kei Primary School	(35,448.10)	-
	<u>(60,918.10)</u>	<u>(4,900.00)</u>
Balance as at March 31	<u>157,699.36</u>	<u>218,617.46</u>
Total balance of flag day as at 31 March	<u>3,728,816.97</u>	<u>3,989,132.12</u>

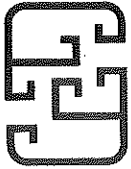
For the remaining net proceeds collected from the flag days held on 2 May 2009, 29 January 2011, 25 February 2012, 16 Feb 2013, 14 Mar 2015 and 25 Feb 2017 brought forward, the usage of HK\$199,397.05 were used as disclosed above. The unused balance of HK\$3,571,117.61 will be carried forward and will be used for the purposes of i) rehabilitation service for mental health service; ii) strengthening children, youth, family and counseling service, iii) improving family relationship of retired / pre-retire men through a variety of activities, interest class, etc.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. Lump sum grant reserve

	The Group and the Company	
	2019 HK\$	2018 HK\$
Income		
Lump sum grant and tide-over grant	83,241,633.00	75,072,032.00
Fee Income	1,596,013.00	2,113,307.00
Other Income	10,907,772.09	10,371,141.70
Interest Received	464,038.90	212,945.26
Total Income	<u>96,209,456.99</u>	<u>87,769,425.96</u>
Expenditure		
Personal Emoluments	75,376,877.53	67,283,261.77
Other Charges	17,752,681.38	18,121,658.85
Total Expenditure	<u>93,129,558.91</u>	<u>85,404,920.62</u>
Surplus for the year transferred from accumulated fund	3,079,898.08	2,364,505.34
Balance at beginning of year	33,376,222.55	31,112,646.95
Adjust interest received on Workshop Fund to LSG	-	3,961.26
Refund to Government	(73,815.00)	(104,891.00)
Balance at end of year	<u>36,382,305.63</u>	<u>33,376,222.55</u>
The components of the reserve are as follows:		
Lump sum grant reserve (excluding provident fund)	28,509,218.97	25,234,628.63
Surplus of provident fund subvention	7,873,086.66	8,141,593.92
	<u>36,382,305.63</u>	<u>33,376,222.55</u>



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

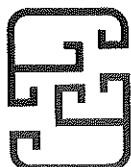
20. Block grant reserve

Movements of the block grant allocation from Social Welfare Department for property, furniture and equipment and minor works:

	The Group and the Company	
	2019	2018
	HK\$	HK\$
Balance at beginning of year	6,879,938.99	5,936,322.52
Bank interest income	66,657.36	34,902.19
	<u>6,946,596.35</u>	<u>5,971,224.71</u>
Block grant received	1,216,000.00	1,130,000.00
Expenditure for renovation, furniture and equipment	-	(221,285.72)
	<u>1,216,000.00</u>	<u>908,714.28</u>
Balance at end of year	<u>8,162,596.35</u>	<u>6,879,938.99</u>

As at 31 March 2019, the outstanding commitments in respect of block grant allocation from SWD for furniture & equipment and minor works were as follows:

	2019	2018
	HK\$	HK\$
Contracted but not provided for in the financial statements	-	-
Authorised but not contracted for	-	-
	<u>-</u>	<u>-</u>



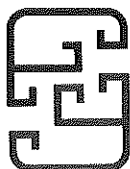
FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. Investment revaluation reserve

	The Group and the Company	
	2019	2018
	HK\$	HK\$
Balance at beginning of year	(128,464.16)	(176,967.26)
(Decrease) / increase in the fair value of investments in securities	<u>(45,783.30)</u>	<u>48,503.10</u>
Balance at end of year	<u>(174,247.46)</u>	<u>(128,464.16)</u>

Investment revaluation reserve comprises the cumulative net change in the fair value of investment in equity securities designated at financial assets at fair value through other comprehensive income. At the time of disposal, the reserve is transferred to accumulated surplus and not recycled through surplus or



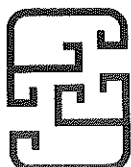
STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

22. Use of the Social Welfare Development Fund (SWDF)

	The Group and the Company	
	2019	2018
	HK\$	HK\$
<u>Phase 2</u>		
Balance brought forward	96,053.73	96,053.73
Income		
Interest received	16.98	-
Total income during the year	16.98	-
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	-	-
2. Expenditure for projects under scope B (IT)	-	-
3. Expenditure for projects under scope C	-	-
Total expenditure during the year	-	-
Refunded to SWD	96,070.71	-
Balance carried forward to the next financial year	-	96,053.73
<u>Phase 3</u>		
Balance brought forward	588,690.17	94,668.27
Income		
Allocation from SWDF	587,700.00	923,300.00
Interest received	117.64	101.80
Total income during the year	587,817.64	923,401.80
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	521,515.00	429,379.90
Total expenditure during the year	521,515.00	429,379.90
Balance carried forward to the next financial year	654,992.81	588,690.17

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

The above income and expenditure have been included in the consolidated statement of surplus or deficit and other comprehensive income of the Company and the total balance of \$654,992.81 as at 31 March 2019 has been included in Social Welfare Department / Education Bureau surplus.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

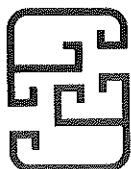
23. HSBC Community Partnership Programme

Project name: "Happy Buddies" Community Care Project

	2019 HK\$	2018 HK\$
Balance at the beginning of the period	-	135,585.64
Income		
Donation from HSBC Community Partnership Fund		89,708.26
Programme income		2,875.00
Total income	<u>-</u>	<u>92,583.26</u>
Expense		
Purchase of equipments		690.00
Programme materials		109,728.90
Tutor fee		117,750.00
Total expenses	<u>-</u>	<u>228,168.90</u>
Deficit for the period	<u>-</u>	<u>(135,585.64)</u>
Balance at the end of the period	<u>-</u>	<u>-</u>

Project name: VR World of Special Education Needs

	2019 HK\$	2018 HK\$
Balance at the beginning of the period	-	-
Income		
Donation from HSBC Community Partnership Fund	210,840.00	-
Programme income	-	-
Total income	<u>210,840.00</u>	<u>-</u>
Expense		
Purchase of equipments	-	-
Programme materials	108,522.38	-
Tutor fee	14,200.00	-
Total expenses	<u>122,722.38</u>	<u>-</u>
Surplus for the period	<u>88,117.62</u>	<u>-</u>
Balance at the end of the period	<u>88,117.62</u>	<u>-</u>



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

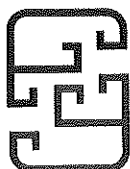
23. HSBC Community Partnership Programme (cont'd)

The income and expenditure of the above Project for the year have been included in the consolidated statement of surplus and deficit and other comprehensive income and the balance of HK\$88,117.62 as at 31 March 2019 has been included in the receipts in advance.

24. Fund raising activity under Public Subscription Permit issued by
Social Welfare Department

	Public Subscription permit no. <u>2018/206/1</u> 2019 HK\$	Public Subscription permit no. <u>2017/270/1</u> 2018 HK\$
Income		
Donation income	9,797.00	46,693.60
Expense		
Audit fee	<u>2,000.00</u>	<u>2,000.00</u>
Net proceeds	<u>7,797.00</u>	<u>44,693.60</u>

The purpose of the fund raising activity is to raise funds for Stewards Youth Outlook - Youth Mental Health Service and "Walk with Hope Development Fund".



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

25. **Financial instruments**

The carrying amounts of each of the categories of financial instruments as at the date of the statement of financial position are as follows:

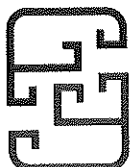
	The Group	
	2019	2018
	HK\$	HK\$
Financial assets designated as measured at fair value through other comprehensive income		
Investment in listed and unlisted equity securities	389,658.70	-
Available-for-sale financial assets		
Investment in listed equity securities carried at fair value	-	335,442.00
Investment in unlisted equity securities carried at cost	-	100,000.00
Financial assets at amortised cost		
Accounts receivable and sundry debtors	2,649,070.76	2,612,636.61
Deposits	599,879.00	564,087.00
Time deposits	107,020,065.45	101,078,523.80
Bank balances and cash	45,750,341.50	52,796,988.12
	<u>156,409,015.41</u>	<u>157,487,677.53</u>
Financial liabilities at amortised cost		
Accounts payable and accrued expenses	9,560,152.27	10,541,576.20
Social welfare / Education Bureau surplus	1,828,211.42	1,043,660.96
	<u>11,388,363.69</u>	<u>11,585,237.16</u>

Other than the investment carried at cost, the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

26. **Operating lease commitments**

At 31 March 2019, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	The Group	
	2019	2018
	HK\$	HK\$
Within one year	2,796,712.00	4,904,964.00
In the second to fifth years inclusive	3,825,132.50	1,844,352.00
	<u>6,621,844.50</u>	<u>6,749,316.00</u>



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. **Risk related to financial instruments**

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the date of the statement of financial position are as follows:

Credit risk

The carrying amounts of accounts receivables and sundry debtors, deposits, time deposits, and bank balances and cash as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the date of the statement of financial position. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. In respect of the time deposits and bank balances, the exposure to credit risk is minimised by placing the deposits with reputable international financial institutions only. The Group has no significant concentrations of credit risk.

At the date of the statement of financial position, the Group had no receivables that were past or impaired.

Price risk

The Group's investments in listed equity securities are measured at fair value at each date of the statement of financial position. Therefore, the Group is exposed to security price risk. The movements in the market values of the investments in securities are reviewed by the management of the Group periodically.

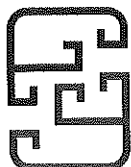
Any reasonable changes in security price would not result in a significant change in the Group's results and therefore no sensitivity analysis is presented for price risk.

Interest rate risk

The value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk primarily relates to its fixed-rate time deposits. However, the Group only invests surplus fund in fixed-rate financial assets and such investments are normally short term. In consequence, no material exposure to fair value interest rate risk is expected.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

27. Risk related to financial instruments (cont'd)

Liquidity risk (cont'd)

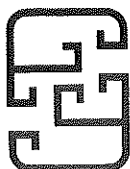
The maturity analysis for the Group's financial liabilities at the date of the statement of financial position, based on the contractual undiscounted cash flows, is as follows:

At 31 March 2019

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	<u>1,828,211.42</u>	<u>9,560,152.27</u>	<u>11,388,363.69</u>
Without fixed repayment terms	-	-	-
Within 3 months	-	9,560,152.27	9,560,152.27
More than 3 months but within 1 year	1,828,211.42	-	1,828,211.42
More than 1 year	-	-	-
	<u>1,828,211.42</u>	<u>9,560,152.27</u>	<u>11,388,363.69</u>

At 31 March 2018

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	<u>1,043,660.96</u>	<u>10,541,576.20</u>	<u>11,585,237.16</u>
Without fixed repayment terms	-	-	-
Within 3 months	-	10,541,576.20	10,541,576.20
More than 3 months but within 1 year	1,043,660.96	-	1,043,660.96
More than 1 year	-	-	-
	<u>1,043,660.96</u>	<u>10,541,576.20</u>	<u>11,585,237.16</u>



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

28. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid and ask prices respectively.
- The fair values of derivative instruments are measured at fair value by reference to the valuation provided by counterparty financial institutions for these instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

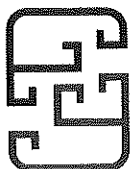
Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2019

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through other comprehensive income				
- Investment in listed equity securities	289,658.70	-	-	289,658.70
- Investment in unlisted equity securities	-	-	100,000.00	100,000.00
	<u>289,658.70</u>	<u>-</u>	<u>100,000.00</u>	<u>389,658.70</u>



STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

28. **Fair value of financial instruments (cont'd)**

At 31 March 2018

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
<i>Available-for-sale financial assets</i> <i>carried at fair value</i>				
- Investment in listed equity securities	335,442.00	-	-	335,442.00

There were no transfer among Levels 1,2 and 3 during the years ended 31 March 2019 and 2018.

29. **Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to carry out its principal activities. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of accumulated surplus for service projects. In order to maintain or adjust the capital structure, the Group may appeal for the subvention from Hong Kong Government and donations from the general public.

30. **Critical accounting estimates and judgements**

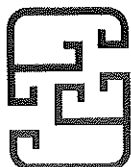
In preparing these financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether property, furniture and equipment and investment in equity securities have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of property, furniture and equipment as at 31 March 2019 was HK\$14,054,109.26. The Group depreciates the assets on a straight-line basis over their estimated useful life. The estimated useful life reflects the directors' estimate of the periods that the company intends to derive future economic benefits from the use of the assets.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

STEWARDS
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

31. Commitments

	2019 HK\$	2018 HK\$
Capital commitments in respect of expenditure on property, furniture and equipment	5,155,421.50	-

- The End -